(DIGEST AS ENACTED)

Requires that, by October 31, 2006, the department of transportation shall have an independent appraisal of the market value of the Washington state ferries Snohomish and Chinook and present it to the transportation committees of the legislature and the governor by November 1, 2006. The department of transportation shall sell or otherwise dispose of the Washington state ferries Snohomish and Chinook for market value and deposit the proceeds of the sales into the passenger ferry account created in RCW 47.60.645 as soon as practicable upon approval by the governor of the business plan described in RCW 36.54.110(5).

Requires the department to maintain the level of service existing on January 1, 2006, for the Vashon to Seattle passenger-only ferry route until such time as the legislature approves a county ferry district's assumption of the route, as authorized under RCW 36.54.110(5), providing a level of service at or exceeding the state level.

Directs the Washington state ferry system to collaborate with new and potential passenger-only ferry service providers, as described in RCW 36.54.110(5), for terminal operations at its existing terminal facilities.

Provides that the office of financial management shall contract to develop a back-up plan for operating the Vashon to Seattle passenger-only ferry route existing on January 1, 2006, that does not include operations by state government.

Provides that a county with a population greater than one million persons and having a boundary on Puget Sound, or a county to the west of Puget Sound with a population greater than two hundred thirty thousand but less than three hundred thousand persons, proposing to create a ferry district to assume a passenger-only ferry route between Vashon and Seattle, including an expansion of that route to include Southworth, shall first receive approval from the governor after submitting a complete business plan to the governor and the legislature by November 1, 2006.

Provides that a public transportation benefit area seeking funding for a passenger-only ferry route between Kingston and Seattle shall first receive approval from the governor after submitting a complete business plan to the governor and the legislature by November 1, 2006. The business plan must, at a minimum, include hours of operation, vessel needs, labor needs, proposed routes, passenger terminal facilities, passenger rates, anticipated federal and local funding, coordination with Washington state ferry system, coordination with existing transit providers, long-term operation and maintenance needs, and long-term financial plan.